

Summary of Consolidated Financial Results for the Second Quarter of Fiscal Year 2023 (Japanese GAAP)

October 31, 2023

Company name: Nippon Chemiphar Co., Ltd. Listing: Tokyo Stock Exchange
 Securities code: 4539 URL: <https://www.chemiphar.co.jp/english/>
 Representative: Kazushiro Yamaguchi, President & CEO
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 Phone: 03-3863-1211
 Scheduled date of dividend payout: –
 Supplementary documents for quarterly financial results: Yes
 Quarterly financial results briefing: None

*Amounts less than one million yen are rounded down

1. Consolidated Financial Results for the Second Quarter of FY2023 (from April 1, 2023 to September 30, 2023)

(1) Business Results

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
September 30, 2023	14,837	(8.6)	(298)	–	10	(98.6)	31	(96.5)
September 30, 2022	16,237	4.3	167	(18.8)	752	190.7	896	291.6

(Note) Comprehensive income: Six months ended September 30, 2023: 213 million yen (down 67.4 %)
 Six months ended September 30, 2022: 656 million yen (109.3%)

	Earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Six months ended				
September 30, 2023	8.72	–	–	–
September 30, 2022	248.43	–	–	–

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of				
September 30, 2023	50,870	18,548	36.5	5,139.65
March 31, 2023	48,571	18,534	38.1	5,130.65

(Reference) Equity: As of September 30, 2023: 18,548 million yen As of March 31, 2023: 18,517 million yen

2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of fiscal year	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	–	0.00	–	50.00	50.00
Year ending March 31, 2024	–	0.00			
Year ending March 31, 2024 (forecast)			–	50.00	50.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Forecast of Consolidated Financial Results for the FY2023 (from April 1, 2023 to March 31, 2024)

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	32,700	3.6	200	–	100	70.4	60	(82.3)	16.62

(Note) Revision to the financial results forecast announced most recently: None

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specific subsidiaries accompanied by a change in the scope of consolidation): No
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies and changes or restatement of accounting estimates
- | | |
|---|----|
| (i) Changes in accounting policies accompanying amendments to accounting standards, etc.: | No |
| (ii) Changes in accounting policies other than (i): | No |
| (iii) Changes in accounting estimates: | No |
| (iv) Restatement: | No |
- (4) Number of shares outstanding (common stock)
- | | | | |
|--|------------------|--------------------------------------|------------------|
| (i) Number of shares outstanding at the end of the period (including treasury shares) | | | |
| As of September 30, 2023: | 4,261,420 shares | As of March 31, 2023: | 4,261,420 shares |
| (ii) Number of treasury shares at the end of the period | | | |
| As of September 30, 2023: | 652,558 shares | As of March 31, 2023: | 652,254 shares |
| (iii) Average number of outstanding shares during the period (cumulative from the beginning of the period) | | | |
| Six months ended September 30, 2023: | 3,609,019 shares | Six months ended September 30, 2022: | 3,609,636 shares |

4. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY2022 (As of March 31, 2023)	Q2 of FY2023 (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	10,529	11,321
Notes and accounts receivable—trade, and contract assets	7,516	6,873
Electronically recorded monetary claims—operating	3,738	3,968
Merchandise and finished goods	6,468	6,893
Work in process	1,277	1,564
Raw materials and supplies	3,010	3,422
Income taxes refund receivable	220	8
Others	675	625
Total current assets	33,436	34,677
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	4,786	4,709
Machinery, equipment, and vehicles, net	1,636	1,476
Tools, furniture and fixtures, net	379	383
Land	4,344	4,344
Leased assets, net	170	159
Construction in progress	200	1,361
Total property, plant and equipment	11,518	12,435
Intangible assets		
Patent rights	15	13
Trademark rights	54	50
Sales rights	383	241
Leased assets	47	50
Software	59	48
Telephone subscription rights	9	9
Total intangible assets	569	414
Investments and other assets		
Investment securities	1,385	1,634
Long-term prepaid expenses	496	502
Retirement benefit assets	401	482
Leasehold and guarantee deposits	57	54
Deferred tax assets	353	315
Others	414	414
Allowance for doubtful accounts	(61)	(61)
Total investments and other assets	3,046	3,342
Total non-current assets	15,134	16,193
Total assets	48,571	50,870

(Millions of yen)

	FY2022 (As of March 31, 2023)	Q2 of FY2023 (As of September 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	2,545	2,498
Electronically recorded obligations—operating	6,399	6,373
Short-term borrowings	392	432
Current portion of long-term borrowings	2,650	2,766
Lease obligations	77	76
Accounts payable—other	84	34
Income taxes payable	81	75
Accrued consumption taxes	91	108
Accrued expenses	1,678	1,717
Deposits received	175	217
Refund liabilities	221	197
Others	369	329
Total current liabilities	14,766	14,829
Non-current liabilities		
Long-term borrowings	11,950	13,567
Lease obligations	161	154
Provision for retirement benefits for directors	457	470
Net defined benefit liability	139	138
Deferred tax liabilities for land revaluation	915	915
Others	1,645	2,246
Total non-current liabilities	15,270	17,492
Total liabilities	30,037	32,322
Net assets		
Shareholders' equity		
Capital stock	4,304	4,304
Capital surplus	1,263	1,263
Retained earnings	13,636	13,485
Treasury shares	(3,110)	(3,111)
Total shareholders' equity	16,093	15,942
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	335	510
Revaluation reserve for land	2,072	2,072
Foreign currency translation adjustment	(20)	(4)
Remeasurements of defined benefit plans	35	27
Total accumulated other comprehensive income	2,423	2,605
Share acquisition rights	17	—
Total net assets	18,534	18,548
Total liabilities and net assets	48,571	50,870

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	16,237	14,837
Cost of sales	11,976	11,204
Gross profit	4,261	3,632
Selling, general and administrative expenses	4,093	3,931
Operating profit (loss)	167	(298)
Non-operating income		
Interest income	0	1
Dividend income	17	19
Rental income from non-current assets	3	3
Share of profit of entities accounted for using equity method	16	12
Foreign exchange gains	612	337
Dividend income of insurance	1	1
Others	6	12
Total non-operating income	658	388
Non-operating expenses		
Interest expenses	61	69
Commission expense	3	3
Others	7	6
Total non-operating expenses	73	79
Ordinary profit	752	10
Extraordinary income		
Gain on sales of investment securities	411	–
Gain on reversal of share acquisition rights	–	17
Total extraordinary income	411	17
Profit before income taxes	1,164	27
Income taxes—current	151	25
Income taxes—deferred	116	(29)
Total income taxes	267	(3)
Profit	896	31
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	896	31

Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	896	31
Other comprehensive income		
Valuation difference on available-for-sale securities	(302)	174
Foreign currency translation adjustment	70	15
Remeasurements of defined benefit plans	(8)	(7)
Total other comprehensive income	(240)	182
Comprehensive income	656	213
Comprehensive income attributable to:		
Owners of parent	656	213
Non-controlling interests	–	–

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities:		
Profit before income taxes	1,164	27
Depreciation	737	715
Increase (decrease) in refund liabilities	(69)	(23)
Increase (decrease) in provision for retirement benefits for directors	(24)	12
Increase (decrease) in net defined benefit liability	8	(1)
Decrease (increase) in net defined benefit asset	(96)	(93)
Interest and dividend income	(17)	(21)
Interest expenses	61	69
Foreign exchange losses (gains)	(612)	(337)
Loss (gain) on sales of investment securities	(411)	–
Gain on reversal of share acquisition rights	–	(17)
Decrease (increase) in trade receivables and contract assets	1,090	425
Decrease (increase) in inventories	(1,004)	(1,066)
Decrease (increase) in other current assets	(5)	(70)
Decrease (increase) in long-term prepaid expenses	(157)	24
Increase (decrease) in notes and accounts payable - trade	(203)	(111)
Increase (decrease) in accrued consumption taxes	(115)	20
Increase (decrease) in other current liabilities	(262)	138
Increase (decrease) in other non-current liabilities	495	601
Other	84	158
Subtotal	660	450
Interest and dividends received	28	32
Interest paid	(59)	(67)
Income taxes paid	(278)	(44)
Income taxes refund	–	220
Net cash provided by (used in) operating activities	351	592
Cash flows from investing activities:		
Purchase of property, plant and equipment	(738)	(1,413)
Purchase of intangible assets	(6)	(5)
Purchase of investment securities	(24)	–
Proceeds from sale of investment securities	611	–
Proceeds from refund of guarantee deposits	10	1
Other	(0)	(1)
Net cash provided by (used in) investing activities	(148)	(1,418)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	64	40
Proceeds from long-term borrowings	2,600	3,100
Repayments of long-term borrowings	(1,262)	(1,367)
Cash dividends paid	(183)	(182)
Other	(39)	(41)
Net cash provided by (used in) financing activities	1,178	1,548
Effect of exchange rate change on cash and cash equivalents	135	69
Net increase (decrease) in cash and cash equivalents	1,516	791
Cash and cash equivalents at beginning of period	11,645	10,529
Cash and cash equivalents at end of period	13,161	11,321